GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Consumer Affairs Food & Civil Supplies Department - Discontinuation of the distribution of Essential Commodities under Public Distribution System and other Welfare schemes through Mobile Dispensing Units - Resumption of distribution of commodities directly through the Fair Price Shops – Orders - Issued.

CONSUMER AFFAIRS, FOOD & CIVIL SUPPLIES (CS-I) DEPARTMENT

G.O.MS.No. 5 Dated: 23-05-2025

Read the following:-

1. G.O.Ms.No.21, CA, F & CS (CS-I) Department, dated 19.05.2008.
2. G.O.Ms.No.15, CA, F & CS (CS-I) Department, dated 01.08.2008.
3. G.O.Ms.No.27, CA, F & CS (CS-I) Department, dated 29.10.2018.
4. G.O.Ms.No.11, CA, F & CS (CS-I) Department, dated 09.09.2020.
5. G.O.Ms.No.15, CA, F & CS (CS-I) Department, dated 09.10.2020.
6. G.O.Ms.No.10, CA, F & CS (CS-I) Department, dated 24.08.2020.
7. G.O.Ms.No.7, CA, F & CS (CS-I) Department, dated 12.07.2021.
8. From the Commissioner of Civil Supplies, A.P., Vijayawada, E-file No. FCS02-Pds1021/15/2024-AD2.PDS-CCS Computer No.2536087, dated 27.08.2024.
9. E-file No.FCS01-FCCS/13/2024-CS-I, Dated 01.05.2025.

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O R D E R :-

The Government introduced a pilot project in September 2019 in Srikakulam district for the doorstep delivery of sortex rice under the Public Distribution System. Based on the outcomes of the pilot, in the GO 6th read above, orders were issued for distribution of sortex quality Rice and other Essential Commodities at the doorstep of Rice cardholders through 9,260 Mobile Dispensing Units for distribution of Essential Commodities under Public Distribution System.

2. The key details are as follows:

I. The Andhra Pradesh State Civil Supplies Corporation Limited (APSCSCL) procured 9,260 Mobile Dispensing Units at a unit cost of ₹5,72,539 and 9,260 Non-Automatic Weighing Instruments at ₹8,651 per unit, totalling Rs.5,81,190/- per Mobile Dispensing Unit on behalf of the Welfare Corporations.

II. A total of 9,260 beneficiaries were selected and appointed as Mobile Dispensing Unit operators under the self-employment model by the SC, ST, BC, EBC, and Minority Welfare Corporations, and were provided with Mobile Dispensing Units. Each beneficiary contributed 10% of the Mobile Dispensing Unit cost, while the remaining 90% was provided as a subsidized loan through the respective Welfare Corporations, with repayment tenure of six years (February 2021 to January 2027).

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III. A tripartite agreement was executed among A.P. State Civil Supplies Corporation Limited, Bank of Baroda, and each Welfare Corporation.

IV. The Mobile Dispensing Unit operator has submitted an undertaking affirming that they will abide by and accept any decision taken by the Government.

V. The selected Mobile Dispensing Unit operators distributed the essential commodities supplied by the A.P. State Civil Supplies Corporation Limited through FP shops to the beneficiaries under PDS, MDMS and ICDS.

3. In the reference 9th read above, the Commissioner of Civil Supplies, A.P., Vijayawada has informed that the Mobile Dispensing Unit system is failing to provide true door-to-door delivery; Mobile Dispensing Unit vehicles are instead stationed at road corners, resulting in what is perceived as "street delivery." This operational issue, combined with the lack of cardholder choice in selecting the day and time for accessing Essential Commodities (ECs), causes unnecessary inconvenience and facilitates the systematic diversion of commodities through the Mobile Dispensing Unit system.

A. Comparative statement on FP Shop and Mobile Dispensing Unit mode of distribution is as follows:

Item	FP Shop	Mobile Dispensing Unit
Distribution period	1st to 15th of every month in all FP Shops	1st to 16thof every month through Door-to-Door Delivery*.
Availment of ECs by the cardholder	Cardholders were allowed to draw their entitlements at their convenient time in working hours	Cardholders shall avail the entitlements at a given time and day as per a fixed schedule of the Mobile Dispensing Unit. The leftover beneficiaries were allowed to draw on 17th of every month through Mobile Dispensing Unit parked at the GSWS Secretariat Headquarters.
Stock reconciliation	Real time	4 days after the distribution (i.e., 18th to 21st)
Stage-II movement	14 to 15 days (i.e., 16th / 18th to 30 / 31st)	8 to 10 days (i.e., 21 / 22nd to 30 / 31st)
Additional expenditure	Nil	Rs. 1801crores

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B. Drawbacks and Observations on the Functioning of MDUs:

i. **Financial Burden:** ₹1,801 crore cost without proportional benefits, straining the state exchequer.
ii. ***Failed Doorstep Delivery:** MDUs have been positioning themselves at specific locations in the streets / habitations / wards in the operation area, and not door-to-door, thus defeating the entire rationale of doorstep delivery. The MDUs have also not maintained specific and certain timings at these locations every month, thus posing a risk for cardholders to get bereft of the ration delivery in case they are unable to be present at such locations during the time of MDU's availability at these locations.
iii. **Inconvenience to cardholders:** Cardholders are unable to collect their entitlements at a time and place of convenience, leading to significant inconvenience.
iv. **Limited Access:** Non-drawl cardholders can only collect on the 17th at designated points, which restrains the choice for such cardholders.
v. **Scheme Non-Compliance:** ICDS&MDM commodities have not been delivered at doorstep as intended.
vi. **Commodity Diversion:** There are reports of systematic leakage during MDU distribution.288 cases have been registered against MDU operators for diversion of essential commodities.
vii. **Sustainability:** 570 MDU operator vacancies have arisen due to resignations, indicating sustainability issues. This is essentially due to the restriction imposed on the MDUs that vehicles shall be used only for PDS distribution from 1st to 17th of every month. Thus, both the vehicles and the MDU operators are idle during the remaining period every month.
viii. **Inefficient Coverage:** MDUs serve 3 FP Shops over 15 days, limiting availability to 5 days/shop/month.
ix. **Reconciliation Issues:** There are persistent delays in stock and cash reconciliation under MDU model of distribution.
x. **Underused FP Shops**: FP Shops function as stockists (4-6 days/month work) and are receiving commission, while their potential and infrastructure for direct service delivery remain underutilized. This has constrained the vibrancy and growth of FP Shops as effective outlets for other retail operations.
xi. The Government of India has expressed concerns regarding the MDU mode of distribution, highlighting potential administrative and operational challenges. These include risks of leakages and diversions, issues related to accountability, and difficulties in ensuring the timely availability of the right quantity and quality of foodgrains to the intended beneficiaries.
xii. A proposal is also under active consideration by the Union Government to revamp the existing Fair Price Shops into modern Fair Price Shops, with the objective of enhancing service delivery and providing improved facilities to consumers.

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4. In light of the above experience, the Commissioner of Civil Supplies, A.P., Vijayawada has further informed that there appears to be no viable alternative but to re-evaluate the MDU mode of distribution and transition back to the Fair Price Shop-based distribution model. In this regard, the following proposal has been submitted by the Commissioner of Civil Supplies, Andhra Pradesh, for revamping the system to address the existing challenges:

I. **Recommendation:** Government may consider strengthening the FPS-based system by utilizing these funds to modernize Fair Price Shop related infrastructure, enhance service delivery, and improve dealer margins, thereby ensuring long-term viability and sustainability.
II. **Asset Benefit:** Pre-closing MDU loans shall allow ownership of the MDU vehicles by the respective MDU operators who were selected as beneficiaries under the respective welfare corporations.
III. **Livelihood Boost:** Ownership of MDU vehicles by the individuals shall lead to better maintenance and utilisation of MDU vehicles throughout the month, potentially enhancing their economic stability and income generation.
IV. **Better access to oldage and medically invalid cardholders:** The total number of cards consisting of all the members aged above 65 years and all the members who are differently abled(physically handicapped / visually challenged etc.) is 15.55 Lakh. This is approximately 10% of the total rice cards under circulation. Better services can be provided to such households by ensuring door delivery of ration to such cards by the FP Shop dealers.

5. The said proposal was discussed in the Cabinet Meeting held on 20/05/2025, Government after careful examination, hereby approve the proposal of the Commissioner of Civil Supplies, Andhra Pradesh, Vijayawada as follows;

I. **Revert to FP Shop Distribution:** It is instructed to resume distribution of Essential Commodities (ECs) under the Public Distribution System (PDS) entirely through Fair Price (FP) Shops with effect from 01.06.2025, duly withdrawing the services of the MDU operators from the Public Distribution System.
II. **Enhance Cardholder Choice:** The cardholders shall be allowed to draw their entitlements at FP Shops on any day from the 1st to the 15th of each month, as per their convenience.
III. **Targeted Doorstep Delivery:** In order to serve the elderly and disabled cardholders with door step delivery, it is instructed to introduce door delivery of Essential Commodities (ECs) by the FP Shop dealers to the cardholders, consisting of all members aged above 65 years and differently abled (physically handicapped / visually challenged etc.).
IV. **Loan closure:** Permission is accorded for pre-closure of MDU loan and allow ownership of the MDU vehicles to the respective MDU operators who were selected as beneficiaries under the respective welfare corporations.

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6. The Vice Chairman & Managing Director, AP State Civil Supplies Corporation Limited shall take necessary action on the following:

I. Ensure closure of MDU loan amount in consultation with (06) respective welfare corporations and Bank of Baroda.
II. Ensure clearance of pending due amount to the MDU suppliers (i.e., M/s.Maruthi Suziki India Limited and Tata Motors) towards procurement of MDUs and GPS devices and also clear pending dues to MDU weighing scale (NAWI) vendors, duly reconcile the figures with the bank of baroda and concerned welfare corporations.
III. Terminate the Tripartite agreement between APSCSCL, respective welfare corporations (six in number) and Bank of Baroda.
IV. Ensure that the Bank of Baroda shall not initiate any pre-emptive action on their own against the MDU operator bank accounts till the clearance of MDU loan.
V. The unutilized amount lying with the Bank of Baroda towards MDU operations shall be reverted to APSCSCL after duly reconciliation.

7. The Secretaries of BC, EBC, SC, ST and Minority welfare departments are requested to ensure the following:

I. Ensure closure of MDU loan amount in consultation with APSCSCL and Bank of Baroda.
II. Ensure clearance of pending due amount to the APSCSCL towards MDU loan, MDU suppliers (i.e., M/s.Maruthi Suziki India Limited and Tata Motors) payments towards procurement of MDUs and GPS devices, and also clear pending dues to MDU weighing scale (NAWI) vendors, duly reconciling the figures with the bank of Baroda and APSCSCL.
III. Terminate the Agreement / Undertaking between each MDU operator and the respective welfare corporation.
IV. Ensure handing over of MDU vehicle to the original MDU operator appointed through the respective welfare corporation.

8. The Commissioner of Civil Supplies, Andhra Pradesh, Vijayawada shall issue further detailed operational guidelines to be taken as preparation for distribution of essential commodities through FP Shops from 1st June 2025 and other related matters. Necessary orders will be issued on amendment of the Andhra Pradesh Public Distribution System (Control) Order 2018.

9. This order issues with the concurrence of the Finance Department vide their FIN01-FMU0MRAS(CSUP)/1/2024-FMU-AC-CS-AH (Comp.No.2537553), Dated 08.05.2025.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SAURABH GAUR IAS
EX-OFFICIO SECRETARY TO GOVERNMENT

To
The Commissioner of Civil Supplies, A.P., Vijayawada.

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The VC& Managing Director, A.P.State Civil-
Supplies Corporation Limited, Vijayawada.
The Secretaries of BC, EBC, SC, ST and Minority welfare Departments.

Copy to:
The Commissioner, WD & CW Department.
The Commissioner, School Education Department.
All the District Collectors / Joint Collectors.
The P.S. to Secretary to Chief Minister, Government of A.P.,
The P.S. to Minister for Food and Civil Supplies, AP, Secretariat.
The P.S. to Chief Secretary to Government, A.P. Secretariat, Velagapudi.
The Finance Department, A.P. Secretariat, Velagapudi.
SF/SCs (2535911)

//FORWARDED :: BY ORDER//

SECTION OFFICER